

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Form N-CSRS

May 27, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number 811-7920

Western Asset High Income Opportunity Fund Inc.  
(Exact name of registrant as specified in charter)

620 Eighth Avenue, New York, NY  
(Address of principal executive offices)

10018  
(Zip code)

Robert I. Frenkel, Esq.

Legg Mason & Co., LLC

100 First Stamford Place

Stamford, CT 06902  
(Name and address of agent for service)

Registrant's telephone number, including area code: (888)777-0102

Date of fiscal year end: September 30

Date of reporting period: March 31, 2011

---

ITEM 1. REPORT TO STOCKHOLDERS.

The Semi-Annual Report to Stockholders is filed herewith.

---

March 31, 2011

**Semi-Annual Report**

**Western Asset High Income Opportunity Fund Inc.  
(HIO)**

INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

II Western Asset High Income Opportunity Fund Inc.

**Fund objectives**

The Fund's primary investment objective is to seek high current income. Capital appreciation is a secondary objective.

**What's inside**

Letter from the chairman	II
Investment commentary	III
Fund at a glance	1
Spread duration	2
Effective duration	3
Schedule of investments	4
Statement of assets and liabilities	20
Statement of operations	21
Statements of changes in net assets	22
Financial highlights	23
Notes to financial statements	24
Board approval of management and subadvisory agreements	33
Additional shareholder information	40
Dividend reinvestment plan	41

**Letter from the chairman**

**Dear Shareholder,**

We are pleased to provide the semi-annual report of Western Asset High Income Opportunity Fund Inc. for the six-month reporting period ended March 31, 2011. Please read on for Fund performance information and a detailed look at prevailing economic and market conditions during the Fund's reporting period.

As always, we remain committed to providing you with excellent service and a full spectrum of investment choices. We also remain committed to supplementing the support you receive from your financial advisor. One way we accomplish this is through our website, [www.leggmason.com/cef](http://www.leggmason.com/cef). Here you can gain immediate access to market and investment information, including:

- Fund prices and performance,
- Market insights and commentaries from our portfolio managers, and
- A host of educational resources.

We look forward to helping you meet your financial goals.

Sincerely,

R. Jay Gerken, CFA

Chairman, President and Chief Executive Officer

April 29, 2011

## Investment commentary

### Economic review

While economic reports remained mixed, the U.S. economy continued to expand over the six months ended March 31, 2011. During the fourth quarter of 2010, fears regarding moderating economic growth were replaced with optimism for a strengthening economy in 2011. With investor sentiment improving, rising interest rates negatively impacted some sectors of the fixed-income market. All told, investors who took on additional risk in their portfolios during the reporting period were generally rewarded.

Although the U.S. Department of Commerce continued to report positive U.S. gross domestic product (GDP)<sup>i</sup> growth, the expansion has moderated since peaking at 5.0% in the fourth quarter of 2009. A slower drawdown in business inventories and renewed consumer spending were contributing factors spurring the economy's solid growth at the end of 2009. However, the economy grew at a more modest pace in 2010. According to the Commerce Department, GDP growth was 3.7%, 1.7%, 2.6% and 3.1% during the first, second, third and fourth quarters of 2010, respectively. For calendar 2010 as a whole, the economy expanded 2.9%. Based on the Commerce Department's advance estimate, first quarter 2011 GDP growth was 1.8%. This moderation in growth was due to a variety of factors, including less robust export activity, a decline in government spending and a deceleration in consumer spending given rising oil and food prices.

Turning to the job market, the unemployment rate moved lower during the last four months of the reporting period, though it remained elevated. The rate fell to 8.9% in February, marking the first time the unemployment rate was below 9.0% since April 2009. Unemployment then ticked downward to 8.8% in March. This favorable trend, however, did not mean that all was well in the labor market. The U.S. Department of Labor reported in March 2011 that approximately 13.5 million Americans looking for work have yet to find a job, and roughly 45% of these individuals have been out of work for more than six months. In addition, while the Federal Reserve Board (Fed)<sup>ii</sup> believes that unemployment will continue to decline, it projects that it will remain relatively high, between 7.5% and 8.0% at the end of 2012.

The long-ailing housing market continued to show some signs of strains during the reporting period. Looking back, sales increased in the spring of 2010 largely due to the government's \$8,000 tax credit for first-time home buyers. However, this proved to be only a temporary boost, as sales subsequently weakened after the tax credit expired at the end of April. Existing-home sales did rebound somewhat toward the end of 2010 and in January 2011, as mortgage rates remained relatively low. According to the National Association of Realtors (NAR), existing-home sales increased 3.4% in January 2011. However, home sales then declined a sharp 8.9% in February, before increasing 3.7% in March. At the end of March, the inventory of unsold homes was an 8.4 month supply at the current sales level, versus an 8.5 month supply in February. Despite the uptick in sales during March, existing-home prices remained disappointingly low, with the NAR reporting that the median existing-home price for all housing types was \$159,600 in March 2011, down 5.9% from March 2010.

The manufacturing sector was one area of the economy that remained relatively strong during the reporting period.

IV Western Asset High Income Opportunity Fund Inc.

**Investment commentary (cont d)**

Based on the Institute for Supply Management's PMI<sup>iii</sup>, the manufacturing sector has grown twenty consecutive months since it began expanding in August 2009. After reaching a six-year peak of 60.4 in March 2010 (a reading below 50 indicates a contraction, whereas a reading above 50 indicates an expansion), PMI data indicated somewhat more modest growth during the next nine months. However, in January 2011, the manufacturing sector expanded at its fastest pace since May 2004, with a reading of 60.8 versus 58.5 for the previous month. There was further strengthening in February, with a reading of 61.4. While the reading moderated somewhat to 61.2 in March, fifteen of eighteen industries tracked by the Institute for Supply Management expanded during the month.

**Financial market overview**

The financial markets were largely characterized by healthy investor risk appetite and solid results by stocks and lower-quality bonds during the first month of the reporting period. The markets then experienced a sharp sell-off in mid-November 2010 and again in mid-February and mid-March 2011. During those periods, investors tended to favor the relative safety of U.S. Treasury securities. However, these setbacks proved to be only temporary as risk aversion was generally replaced with solid demand for riskier assets.

Due to signs that certain areas of the economy were moderating in the middle of 2010 (prior to the beginning of the reporting period), the Fed took further actions to spur the economy. At its August 10th meeting, the Fed announced an ongoing program that calls for using the proceeds from expiring agency debt and agency mortgage-backed securities to purchase longer-dated Treasury securities.

In addition, the Fed remained cautious throughout the reporting period given pockets of weakness in the economy. At its meeting in September 2010, the Fed said, "The Committee will continue to monitor the economic outlook and financial developments and is prepared to provide additional accommodation if needed to support the economic recovery. . . . This led to speculation that the Fed may again move to purchase large amounts of agency and Treasury securities in an attempt to avoid a double-dip recession and ward off deflation.

The Fed then took additional action in early November 2010. Citing that "the pace of recovery in output and employment continues to be slow, the Fed announced another round of quantitative easing to help stimulate the economy, entailing the purchase of \$600 billion of long-term U.S. Treasury securities by the end of the second quarter of 2011. This, coupled with the Fed's previously announced program to use the proceeds of expiring securities to purchase Treasuries, means it could buy a total of \$850 billion to \$900 billion of Treasury securities by the end of June 2011. At its meeting in April 2011, the Fed said it "continues to anticipate that economic conditions, including low rates of resource utilization, subdued inflation trends, and stable inflation expectations, are likely to warrant exceptionally low levels for the federal funds rate for an extended period. The Fed also stated that it would end its program of purchasing \$600 billion of Treasury securities on schedule at the end of June.

**Fixed-income market review**

The spread sectors rallied in October in the wake of the Fed indicating the possibility of another round of quantitative easing. However, they then started to

weaken toward the middle of November as financial troubles in Ireland resulted in a re-emergence of the European sovereign debt crisis. While several spread sectors largely regained their footing during the last four months of the reporting period, others remained weak given ongoing uncertainties in Europe, concerns regarding economic growth in China and its potential impact on the global economy, geopolitical unrest in the Middle East and Libya and the devastating earthquake and tsunami in Japan.

Both short- and long-term Treasury yields fluctuated but, overall, moved higher during the six months ended March 31, 2011. When the period began, two- and ten-year Treasury yields were 0.42% and 2.53%, respectively. Treasury yields initially moved lower, with two-year Treasuries hitting their low for the period of 0.33% on November 4, 2010. Ten-year Treasuries reached their trough of 2.41% in early October. Yields then moved sharply higher given expectations for stronger growth in 2011 and the potential for rising inflation. On February 14, 2011, two-year Treasury yields peaked at 0.87%, while ten-year Treasuries peaked at 3.75% on February 8, 2011. Treasury yields then declined as investor risk aversion increased given the uprising in Libya and, later, given the tragic events in Japan. However, yields moved higher toward the end of March as investor risk appetite resumed. When the period ended on March 31, 2011, two-year Treasury yields were 0.80% and ten-year Treasury yields were 3.47%. For the six months ended March 31, 2011, the Barclays Capital U.S. Aggregate Index returned -0.88%.

The U.S. high-yield bond market produced solid results during the reporting period. The asset class posted positive returns during each month except for November 2010, when risk aversion rose sharply. The high-yield market was supported by better-than-expected corporate profits and overall strong investor demand. All told, the Barclays Capital U.S. High Yield 2% Issuer Cap Index returned 7.24% for the six months ended March 31, 2011.

After producing strong results during the first month of the reporting period, the emerging market debt asset class gave back its gains as the period progressed. Initially, emerging market debt performed well given strong economic growth in many emerging market countries, solid domestic demand and generally robust investor demand for the asset class. However, from November 2010 through January 2011, investor concerns regarding interest rate hikes in China and unrest in the Middle East and Libya dragged the asset class down. After largely trading water in February, emerging market debt rallied in March. However, this wasn't enough to offset its earlier weakness, and the JPMorgan Emerging Markets Bond Index Global (EMBI Global) returned -0.85% over the six months ended March 31, 2011.

### **Performance review**

For the six months ended March 31, 2011, Western Asset High Income Opportunity Fund Inc. returned 9.37% based on its net asset value (NAV) and 5.91% based on its New York Stock Exchange (NYSE) market price per share. The Fund's unmanaged benchmark, the Barclays Capital U.S. High Yield 2% Issuer Cap Index, returned 7.24% for the same period. The Lipper High Current Yield Closed-End Funds Category Average returned 9.52% over the same time frame. Please note that Lipper performance returns are based on each fund's NAV.

VI Western Asset High Income Opportunity Fund Inc.

**Investment commentary (cont d)**

During this six-month period, the Fund made distributions to shareholders totaling \$0.27 per share, which may have included a return of capital. The performance table shows the Fund's six-month total return based on its NAV and market price as of March 31, 2011. **Past performance is no guarantee of future results.**

**Performance Snapshot as of March 31, 2011 (unaudited)**

<b>Price Per Share</b>	<b>6-Month Total Return*</b>
\$6.39 (NAV)	9.37%
\$6.36 (Market Price)	5.91%

**All figures represent past performance and are not a guarantee of future results.**

**\* Total returns are based on changes in NAV or market price, respectively. Total returns assume the reinvestment of all distributions, including returns of capital, if any, in additional shares in accordance with the Fund's Dividend Reinvestment Plan. Performance figures for periods shorter than one year represent cumulative figures and are not annualized.**

**Looking for additional information?**

The Fund is traded under the symbol **HIO** and its closing market price is available in most newspapers under the NYSE listings. The daily NAV is available on-line under the symbol **XHIOX** on most financial websites. *Barron's* and the *Wall Street Journal's* Monday edition both carry closed-end fund tables that provide additional information. In addition, the Fund issues a quarterly press release that can be found on most major financial websites as well as [www.leggmason.com/cef](http://www.leggmason.com/cef).

In a continuing effort to provide information concerning the Fund, shareholders may call 1-888-777-0102 (toll free), Monday through Friday from 8:00 a.m. to 5:30 p.m. Eastern Time, for the Fund's current NAV, market price and other information.

As always, thank you for your confidence in our stewardship of your assets.

Sincerely,

R. Jay Gerken, CFA

Chairman, President and Chief Executive Officer

April 29, 2011

**RISKS:** *The Fund invests in high-yield debt securities, which are subject to greater risks than investments in higher-rated bonds, such as the increased risk of default and greater volatility because of the lower credit quality of the issues. Fixed-income investments are subject to interest rate risk. As interest rates rise, bond prices fall, reducing the value of the Fund's holdings. The Fund may use derivatives, such as options and futures, which can be illiquid, may disproportionately increase losses, and have a potentially large impact on Fund performance. In addition, the Fund may invest in foreign securities, which are subject to certain risks of overseas investing, including currency fluctuations and changes in political and economic conditions, which could result in significant fluctuations. These risks are magnified in emerging markets.*

All investments are subject to risk including the possible loss of principal. Past performance is no guarantee of future results. All index performance reflects no deduction for fees, expenses or taxes. Please note that an investor cannot invest directly in an index.

The information provided is not intended to be a forecast of future events, a guarantee of future results or investment advice. Views expressed may differ from those of the firm as a whole.

- i Gross domestic product ( GDP ) is the market value of all final goods and services produced within a country in a given period of time.
- ii The Federal Reserve Board ( Fed ) is responsible for the formulation of policies designed to promote economic growth, full employment, stable prices and a sustainable pattern of international trade and payments.
- iii The Institute for Supply Management's PMI is based on a survey of purchasing executives who buy the raw materials for manufacturing at more than 350 companies. It offers an early reading on the health of the manufacturing sector.
- iv The federal funds rate is the rate charged by one depository institution on an overnight sale of immediately available funds (balances at the Federal Reserve) to another depository institution; the rate may vary from depository institution to depository institution and from day to day.
- v The Barclays Capital U.S. Aggregate Index is a broad-based bond index comprised of government, corporate, mortgage- and asset-backed issues, rated investment grade or higher, and having at least one year to maturity.
- vi The Barclays Capital U.S. High Yield 2% Issuer Cap Index is an index of the 2% Issuer Cap component of the Barclays Capital U.S. Corporate High Yield Index, which covers the U.S. dollar-denominated, non-investment grade, fixed-rate, taxable corporate bond market.
- vii The JPMorgan Emerging Markets Bond Index Global ( EMBI Global ) tracks total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds and local market instruments.
- viii Net asset value ( NAV ) is calculated by subtracting total liabilities and outstanding preferred stock (if any) from the closing value of all securities held by the Fund (plus all other assets) and dividing the result (total net assets) by the total number of the common shares outstanding. The NAV fluctuates with changes in the market prices of securities in which the Fund has invested. However, the price at which an investor may buy or sell shares of the Fund is the Fund's market price as determined by supply of and demand for the Fund's shares.
- ix Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the six-month period ended March 31, 2011, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 8 funds in the Fund's Lipper category.

**Fund at a glance (unaudited)**

**Investment breakdown (%) as a percent of total investments**

The bar graph above represents the composition of the Fund's investments as of March 31, 2011 and September 30, 2010 and does not include derivatives, such as forward foreign currency contracts. The Fund is actively managed. As a result, the composition of the Fund's investments is subject to change at any time.

2 Western Asset High Income Opportunity Fund Inc. 2011 Semi-Annual Report

**Spread duration (unaudited)**

**Economic Exposure March 31, 2011**

Spread duration measures the sensitivity to changes in spreads. The spread over Treasuries is the annual risk-premium demanded by investors to hold non-Treasury securities. Spread duration is quantified as the % change in price resulting from a 100 basis points change in spreads. For a security with positive spread duration, an increase in spreads would result in a price decline and a decline in spreads would result in a price increase. This chart highlights the market sector exposure of the Fund's sectors relative to the selected benchmark sectors as of the end of the reporting period.

---

BC US HY 2%	Barclays Capital U.S. High Yield 2% Issuer Cap Index
HIO	Western Asset High Income Opportunity Fund Inc.
HY	High Yield
IG Credit	Investment Grade Credit
MBS	Mortgage-Backed Securities
Non-\$	Non-U.S. Dollar

**Effective duration (unaudited)**

**Interest Rate Exposure March 31, 2011**

Effective duration measures the sensitivity to changes in relevant interest rates. Effective duration is quantified as the % change in price resulting from a 100 basis points change in interest rates. For a security with positive effective duration, an increase in interest rates would result in a price decline and a decline in interest rates would result in a price increase. This chart highlights the interest rate exposure of the Fund's sectors relative to the selected benchmark sectors as of the end of the reporting period.

---

BC US HY 2%	Barclays Capital U.S. High Yield 2% Issuer Cap Index
HIO	Western Asset High Income Opportunity Fund Inc.
HY	High Yield
IG Credit	Investment Grade Credit
Non-\$	Non-U.S. Dollar

4 Western Asset High Income Opportunity Fund Inc. 2011 Semi-Annual Report

**Schedule of investments (unaudited)**

March 31, 2011

**Western Asset High Income Opportunity Fund Inc.**

<b>Security</b>	<b>Rate</b>	<b>Maturity Date</b>	<b>Face Amount</b>	<b>Value</b>
<b>Corporate Bonds &amp; Notes 87.2%</b>				
<b>Consumer Discretionary 19.7%</b>				
<b>Auto Components 0.1%</b>				
Hertz Holdings Netherlands BV, Senior Secured Bonds	8.500%	7/31/15	300,000EUR \$	<b>459,172(a)</b>
<b>Automobiles 1.1%</b>				
Ford Motor Credit Co., LLC, Senior Notes	9.875%	8/10/11	1,000,000	1,028,556
Ford Motor Credit Co., LLC, Senior Notes	7.500%	8/1/12	1,785,000	1,903,890
Ford Motor Credit Co., LLC, Senior Notes	12.000%	5/15/15	685,000	862,903
Motors Liquidation Co., Senior Notes	7.200%	1/15/11	825,000	241,313(b)(c)
Motors Liquidation Co., Senior Notes	7.125%	7/15/13	2,125,000	605,625(c)
Motors Liquidation Co., Senior Notes	8.375%	7/15/33	2,540,000	768,350(c)
<b>Total Automobiles</b>				<b>5,410,637</b>
<b>Diversified Consumer Services 0.8%</b>				
Service Corp. International, Senior Notes	7.500%	4/1/27	1,410,000	1,346,550
Sotheby's, Senior Notes	7.750%	6/15/15	1,540,000	1,711,325
Stonemor Operating LLC/Cornerstone Family Services of WV/Osiris Holding, Senior Notes	10.250%	12/1/17	810,000	836,325
<b>Total Diversified Consumer Services</b>				<b>3,894,200</b>
<b>Hotels, Restaurants &amp; Leisure 7.5%</b>				
Ameristar Casinos Inc., Senior Notes	7.500%	4/15/21	1,010,000	1,001,162(a)
Boyd Gaming Corp., Senior Notes	9.125%	12/1/18	220,000	228,250(a)
Boyd Gaming Corp., Senior Subordinated Notes	7.125%	2/1/16	665,000	636,737
CCM Merger Inc., Notes	8.000%	8/1/13	2,255,000	2,255,000(a)
CityCenter Holdings LLC/CityCenter Finance Corp., Senior Secured Notes	10.750%	1/15/17	2,060,000	2,137,250(a)(d)
Downstream Development Quapaw, Senior Notes	12.000%	10/15/15	1,695,000	1,796,700(a)
El Pollo Loco Inc., Senior Notes	11.750%	11/15/13	2,425,000	2,267,375
El Pollo Loco Inc., Senior Secured Notes	11.750%	12/1/12	945,000	986,344
Fontainebleau Las Vegas Holdings LLC/Fontainebleau Las Vegas Capital Corp.	10.250%	6/15/15	445,000	2,225(a)(c)
Harrah's Operating Co. Inc., Senior Bonds	5.625%	6/1/15	2,592,000	2,080,080
Harrah's Operating Co. Inc., Senior Notes	10.750%	2/1/16	2,954,000	2,776,760
Harrah's Operating Co. Inc., Senior Secured Notes	11.250%	6/1/17	1,220,000	1,392,325
Hoa Restaurant Group LLC/Hoa Finance Corp., Senior Secured Notes	11.250%	4/1/17	880,000	902,000(a)
Inn of the Mountain Gods Resort & Casino, Senior Secured Notes	1.250%	11/30/20	1,810,000	995,500(a)(d)
Inn of the Mountain Gods Resort & Casino, Senior Secured Notes	8.750%	11/30/20	1,173,000	1,158,337(a)

Edgar Filing: WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC. - Form N-CSRS

Landry s Holdings Inc., Senior Secured Notes	11.500%	6/1/14	1,140,000	1,134,300(a)
Landry s Restaurants Inc., Senior Secured Notes	11.625%	12/1/15	1,140,000	1,234,050

See Notes to Financial Statements.

## Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<b>Hotels, Restaurants &amp; Leisure continued</b>				
Landry's Restaurants Inc., Senior Secured Notes	11.625%	12/1/15	340,000	\$ 368,050(a)
MGM MIRAGE Inc., Senior Notes	5.875%	2/27/14	2,210,000	2,121,600
MGM MIRAGE Inc., Senior Notes	6.625%	7/15/15	490,000	466,725
MGM Resorts International, Senior Secured Notes	10.375%	5/15/14	150,000	172,500
MGM Resorts International, Senior Secured Notes	11.125%	11/15/17	360,000	414,000
Mohegan Tribal Gaming Authority, Senior Secured Notes	11.500%	11/1/17	60,000	61,200(a)
Mohegan Tribal Gaming Authority, Senior Subordinated Notes	8.000%	4/1/12	3,660,000	3,284,850
Mohegan Tribal Gaming Authority, Senior Subordinated Notes	6.875%	2/15/15	225,000	166,500
NCL Corp. Ltd., Senior Notes	9.500%	11/15/18	1,480,000	1,565,100(a)
NCL Corp. Ltd., Senior Secured Notes	11.750%	11/15/16	1,990,000	2,308,400
Pinnacle Entertainment Inc., Senior Notes	8.625%	8/1/17	715,000	782,925
Pinnacle Entertainment Inc., Senior Subordinated Notes	7.500%	6/15/15	330,000	337,425
Snoqualmie Entertainment Authority, Senior Secured Notes	4.204%	2/1/14	890,000	809,900(a)(e)
Snoqualmie Entertainment Authority, Senior Secured Notes	9.125%	2/1/15	165,000	165,000(a)
Station Casinos Inc., Senior Notes	6.000%	4/1/12	1,515,000	152(c)(f)
Station Casinos Inc., Senior Notes	7.750%	8/15/16	2,265,000	227(c)(f)
Station Casinos Inc., Senior Subordinated Notes	6.625%	3/15/18	85,000	9(c)(f)
<b>Total Hotels, Restaurants &amp; Leisure</b>				<b>36,008,958</b>
<b>Household Durables 0.4%</b>				
DirectBuy Holdings Inc., Senior Secured Notes	12.000%	2/1/17	910,000	696,150(a)
Standard Pacific Corp., Senior Notes	8.375%	1/15/21	1,040,000	1,080,300(a)
<b>Total Household Durables</b>				<b>1,776,450</b>
<b>Internet &amp; Catalog Retail 0.7%</b>				
Netflix Inc., Senior Notes	8.500%	11/15/17	1,340,000	1,515,875
QVC Inc., Senior Secured Notes	7.375%	10/15/20	1,990,000	2,084,525(a)
<b>Total Internet &amp; Catalog Retail</b>				<b>3,600,400</b>
<b>Media 4.8%</b>				
Affinity Group Inc., Senior Secured Notes	11.500%	12/1/16	710,000	749,050(a)
CCH II LLC/CCH II Capital Corp., Senior Notes	13.500%	11/30/16	561,225	674,873
CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes	7.875%	4/30/18	1,860,000	1,985,550
CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes	8.125%	4/30/20	1,840,000	2,010,200
Cengage Learning Acquisitions Inc., Senior Notes	10.500%	1/15/15	130,000	133,250(a)

See Notes to Financial Statements.

6 Western Asset High Income Opportunity Fund Inc. 2011 Semi-Annual Report

**Schedule of investments (unaudited) (cont d)**

March 31, 2011

**Western Asset High Income Opportunity Fund Inc.**

<b>Security</b>	<b>Rate</b>	<b>Maturity Date</b>	<b>Face Amount</b>	<b>Value</b>
<b>Media continued</b>				
Cengage Learning Acquisitions Inc., Senior Subordinated Notes	13.250%	7/15/15	3,130,000	\$ 3,302,150(a)
CSC Holdings LLC, Senior Notes	8.500%	6/15/15	190,000	208,525
DISH DBS Corp., Senior Notes	7.875%	9/1/19	1,260,000	1,370,250
Kabel BW Erste Beteiligungs GmbH/ Kabel Baden-Wuerttemberg GmbH & Co. KG, Senior Secured Notes	7.500%	3/15/19	430,000	442,900(a)
LBI Media Inc., Senior Secured Notes	9.250%	4/15/19	1,290,000	1,299,675(a)
Nielsen Finance LLC/Nielsen Finance Co., Senior Notes	7.750%	10/15/18	3,650,000	3,932,875(a)
Univision Communications Inc., Senior Notes	8.500%	5/15/21	950,000	988,000(a)
Univision Communications Inc., Senior Secured Notes	12.000%	7/1/14	565,000	613,025(a)
Univision Communications Inc., Senior Secured Notes	7.875%	11/1/20	1,380,000	1,466,250(a)
UPC Holding BV, Senior Notes	9.875%	4/15/18	675,000	749,250(a)
UPCB Finance III Ltd., Senior Secured Notes	6.625%	7/1/20	2,470,000	2,432,950(a)
Virgin Media Finance PLC, Senior Notes	9.125%	8/15/16	537,000	571,905
<b>Total Media</b>				<b>22,930,678</b>
<b>Multiline Retail 0.5%</b>				
Neiman Marcus Group Inc., Senior Secured Notes	7.125%	6/1/28	2,460,000	<b>2,263,200</b>
<b>Specialty Retail 2.5%</b>				
American Greetings Corp., Senior Notes	7.375%	6/1/16	2,885,000	2,996,794
American Greetings Corp., Senior Notes	7.375%	6/1/16	365,000	364,544
American Greetings Corp., Senior Notes	7.375%	6/1/16	290,000	289,637
Edcon Proprietary Ltd., Senior Secured Notes	9.500%	3/1/18	1,970,000EUR	1,979,850(a)
Michaels Stores Inc., Senior Subordinated Bonds	11.375%	11/1/16	1,230,000	1,346,850
Michaels Stores Inc., Senior Subordinated Notes, step bond	0.000%	11/1/16	2,880,000	2,952,000
PETCO Animal Supplies Inc., Senior Notes	9.250%	12/1/18	1,870,000	2,010,250(a)
<b>Total Specialty Retail</b>				<b>11,939,925</b>
<b>Textiles, Apparel &amp; Luxury Goods 1.3%</b>				
Burlington Coat Factory Warehouse Corp., Senior Notes	10.000%	2/15/19	880,000	858,000(a)
Empire Today LLC/Empire Today Finance Corp., Senior Secured Notes	11.375%	2/1/17	330,000	351,450(a)
Giraffe Acquisition Corp., Senior Notes	9.125%	12/1/18	2,110,000	2,057,250(a)
Oxford Industries Inc., Senior Secured Notes	11.375%	7/15/15	2,570,000	2,884,825
<b>Total Textiles, Apparel &amp; Luxury Goods</b>				<b>6,151,525</b>
<b>Total Consumer Discretionary</b>				<b>94,435,145</b>

See Notes to Financial Statements.

**Western Asset High Income Opportunity Fund Inc.**

<b>Security</b>	<b>Rate</b>	<b>Maturity Date</b>	<b>Face Amount</b>	<b>Value</b>
<b>Consumer Staples 1.4%</b>				
<b>Food Products 1.3%</b>				
Blue Merger Sub Inc., Senior Notes	7.625%	2/15/19	2,090,000	\$ 2,129,187(a)
Bumble Bee Acquisition Co., Senior Secured Notes	9.000%	12/15/17	780,000	815,100(a)
Simmons Foods Inc., Senior Secured Notes	10.500%	11/1/17	2,710,000	2,933,575(a)
Smithfield Foods Inc., Senior Secured Notes	10.000%	7/15/14	233,000	275,523
<b>Total Food Products</b>				<b>6,153,385</b>
<b>Tobacco 0.1%</b>				
Alliance One International Inc., Senior Notes	10.000%	7/15/16	446,000	<b>454,363</b>
<b>Total Consumer Staples</b>				<b>6,607,748</b>
<b>Energy 13.3%</b>				
<b>Energy Equipment &amp; Services 1.9%</b>				
Complete Production Services Inc., Senior Notes	8.000%	12/15/16	1,150,000	1,219,000
GulfMark Offshore Inc., Senior Subordinated Notes	7.750%	7/15/14	1,440,000	1,476,000
Hercules Offshore LLC, Senior Secured Notes	10.500%	10/15/17	2,285,000	2,353,550(a)
Key Energy Services Inc., Senior Notes	6.750%	3/1/21	1,210,000	1,234,200
Parker Drilling Co., Senior Notes	9.125%	4/1/18	1,480,000	1,598,400
Precision Drilling Corp., Senior Notes	6.625%	11/15/20	1,080,000	1,115,100(a)
<b>Total Energy Equipment &amp; Services</b>				<b>8,996,250</b>
<b>Oil, Gas &amp; Consumable Fuels 11.4%</b>				
Belden & Blake Corp., Secured Notes	8.750%	7/15/12	3,892,000	3,911,460
Berry Petroleum Co., Senior Notes	10.250%	6/1/14	1,155,000	1,345,575
Berry Petroleum Co., Senior Notes	6.750%	11/1/20	150,000	155,063
Chesapeake Energy Corp., Senior Notes	7.250%	12/15/18	425,000	477,063
Chesapeake Energy Corp., Senior Notes	6.625%	8/15/20	1,530,000	1,637,100
Compagnie Generale de Geophysique-Veritas, Senior Notes	9.500%	5/15/16	560,000	627,200
Compagnie Generale de Geophysique-Veritas, Senior Notes	7.750%	5/15/17	410,000	433,063
Concho Resources Inc., Senior Notes	7.000%	1/15/21	360,000	379,800
CONSOL Energy Inc., Senior Notes	8.250%	4/1/20	1,410,000	1,570,387
Copano Energy LLC, Senior Notes	7.125%	4/1/21	720,000	730,800
Corral Petroleum Holdings AB, Senior Bonds	2.000%	9/18/11	2,762,268	2,637,966(a)(d)
Crosstex Energy LP/Crosstex Energy Finance Corp., Senior Notes	8.875%	2/15/18	350,000	383,250
Energy Transfer Equity LP, Senior Notes	7.500%	10/15/20	1,370,000	1,496,725
Enterprise Products Operating LLP, Junior Subordinated Notes	8.375%	8/1/66	1,270,000	1,373,077(e)
Enterprise Products Operating LLP, Subordinated Notes	7.034%	1/15/68	790,000	820,725(e)
EXCO Resources Inc., Senior Notes	7.500%	9/15/18	2,570,000	2,621,400

See Notes to Financial Statements.

8 Western Asset High Income Opportunity Fund Inc. 2011 Semi-Annual Report

**Schedule of investments (unaudited) (cont d)**

March 31, 2011

**Western Asset High Income Opportunity Fund Inc.**

<b>Security</b>	<b>Rate</b>	<b>Maturity Date</b>	<b>Face Amount</b>	<b>Value</b>
<b><i>Oil, Gas &amp; Consumable Fuels continued</i></b>				
James River Escrow Inc., Senior Notes	7.875%	4/1/19	640,000	\$ 665,600(a)
Linn Energy LLC/Linn Energy Finance Corp., Senior Notes	8.625%	4/15/20	980,000	1,092,700(a)
Linn Energy LLC/Linn Energy Finance Corp., Senior Notes	7.750%	2/1/21	250,000	268,125(a)
MarkWest Energy Partners LP/MarkWest Energy Finance Corp., Senior Notes	8.750%	4/15/18	480,000	525,600
MarkWest Energy Partners LP/MarkWest Energy Finance Corp., Senior Notes	6.750%	11/1/20	690,000	710,700
MarkWest Energy Partners LP/MarkWest Energy Finance Corp., Senior Notes	6.500%	8/15/21	990,000	991,238
MEG Energy Corp., Senior Notes	6.500%	3/15/21	1,660,000	1,689,050(a)
Murray Energy Corp., Senior Secured Notes	10.250%	10/15/15	950,000	1,026,000(a)
Offshore Group Investments Ltd., Senior Secured Notes	11.500%	8/1/15	2,960,000	3,300,400(a)
Overseas Shipholding Group Inc., Senior Notes	8.125%	3/30/18	1,485,000	1,466,437
Peabody Energy Corp., Senior Notes	7.875%	11/1/26	470,000	531,688
Petroplus Finance Ltd., Senior Notes	6.750%	5/1/14	1,090,000	1,073,650(a)
Petroplus Finance Ltd., Senior Notes	7.000%	5/1/17	780,000	744,900(a)
Plains Exploration & Production Co., Senior Notes	10.000%	3/1/16	1,305,000	1,477,912
Plains Exploration & Production Co., Senior Notes	8.625%	10/15/19	1,195,000	1,335,412
PT Adaro Indonesia, Senior Notes	7.625%	10/22/19	400,000	444,000(a)
Quicksilver Resources Inc., Senior Notes	11.750%	1/1/16	2,255,000	2,638,350
Quicksilver Resources Inc., Senior Notes	9.125%	8/15/19	340,000	371,875
Range Resources Corp., Senior Subordinated Notes	8.000%	5/15/19	100,000	110,750
Regency Energy Partners LP/Regency Energy Finance Corp., Senior Notes	6.875%	12/1/18	1,360,000	1,455,200
SandRidge Energy Inc., Senior Notes	7.500%	3/15/21	2,390,000	2,482,612(a)
Teekay Corp., Senior Notes	8.500%	1/15/20	2,280,000	2,482,350
Tennessee Gas Pipeline Co., Senior Notes	8.375%	6/15/32	3,270,000	4,065,611
TNK-BP Finance SA, Senior Notes	7.875%	3/13/18	1,525,000	1,753,750(a)
Venoco Inc., Senior Notes	8.875%	2/15/19	230,000	230,288(a)
Whiting Petroleum Corp., Senior Subordinated Notes	6.500%	10/1/18	1,180,000	1,227,200
<b>Total Oil, Gas &amp; Consumable Fuels</b>				<b>54,762,052</b>
<b>Total Energy</b>				<b>63,758,302</b>
<b>Financials 7.6%</b>				
<b>Capital Markets 0.2%</b>				
Goldman Sachs Group Inc., Subordinated Notes	6.750%	10/1/37	1,100,000	1,112,917

See Notes to Financial Statements.

**Western Asset High Income Opportunity Fund Inc.**

<b>Security</b>	<b>Rate</b>	<b>Maturity Date</b>	<b>Face Amount</b>	<b>Value</b>
<b>Commercial Banks 1.5%</b>				
BAC Capital Trust VI, Capital Securities, Junior Subordinated Notes	5.625%	3/8/35	830,000	\$ 726,376
BankAmerica Institutional Capital A, Junior Subordinated Bonds	8.070%	12/31/26	520,000	535,600(a)
BankAmerica Institutional Capital B, Junior Subordinated Bonds	7.700%	12/31/26	600,000	615,000(a)
CIT Group Inc., Senior Secured Bonds	7.000%	5/1/16	1,130,700	1,134,940
CIT Group Inc., Senior Secured Bonds	7.000%	5/1/17	1,294,694	1,299,549
Credit Agricole SA, Subordinated Notes	8.375%	10/13/19	830,000	892,250(a)(e)(g)
NB Capital Trust II, Junior Subordinated Notes	7.830%	12/15/26	770,000	793,100
NB Capital Trust IV, Junior Subordinated Notes	8.250%	4/15/27	530,000	548,550
Royal Bank of Scotland Group PLC, Junior Subordinated Bonds	7.648%	9/30/31	790,000	742,600(e)(g)
<b>Total Commercial Banks</b>				<b>7,287,965</b>
<b>Consumer Finance 2.5%</b>				
Ally Financial Inc., Debentures	0.000%	6/15/15	4,300,000	3,359,375
Ally Financial Inc., Senior Bonds	0.000%	12/1/12	1,800,000	1,692,176
Ally Financial Inc., Senior Notes	7.500%	9/15/20	3,500,000	3,749,375(a)
GMAC International Finance BV, Senior Bonds	7.500%	4/21/15	730,000EUR	1,095,336
SLM Corp., Medium-Term Notes	8.000%	3/25/20	920,000	1,004,424
SLM Corp., Medium-Term Notes, Senior Notes	8.450%	6/15/18	965,000	1,082,280
<b>Total Consumer Finance</b>				<b>11,982,966</b>
<b>Diversified Financial Services 2.6%</b>				
Bankrate Inc., Senior Secured Notes	11.750%	7/15/15	750,000	856,875(a)
Capital One Capital V, Junior Subordinated Notes, Cumulative Trust Preferred Securities	10.250%	8/15/39	1,120,000	1,222,200
International Lease Finance Corp., Medium-Term Notes	6.375%	3/25/13	880,000	915,200
International Lease Finance Corp., Medium-Term Notes, Senior Notes	5.625%	9/20/13	1,670,000	1,705,487
International Lease Finance Corp., Senior Notes	8.875%	9/1/17	3,810,000	4,314,825
International Lease Finance Corp., Senior Notes	8.250%	12/15/20	670,000	735,325
MBNA Capital A, Junior Subordinated Notes	8.278%	12/1/26	1,250,000	1,290,625
Residential Capital LLC, Junior Secured Notes	9.625%	5/15/15	1,150,000	1,165,813
<b>Total Diversified Financial Services</b>				<b>12,206,350</b>
<b>Insurance 0.7%</b>				
American International Group Inc., Senior Notes	8.250%	8/15/18	1,465,000	1,718,228
Dai-ichi Life Insurance Co., Ltd., Subordinated Notes	7.250%	7/25/21	520,000	515,804(a)(e)(g)

See Notes to Financial Statements.

10 Western Asset High Income Opportunity Fund Inc. 2011 Semi-Annual Report

**Schedule of investments (unaudited) (cont d)**

March 31, 2011

**Western Asset High Income Opportunity Fund Inc.**

<b>Security</b>	<b>Rate</b>	<b>Maturity Date</b>	<b>Face Amount</b>	<b>Value</b>
<b>Insurance continued</b>				
ING Capital Funding Trust III, Junior Subordinated Bonds	3.903%	6/30/11	410,000	\$ 399,463(e)(g)
MetLife Capital Trust IV, Junior Subordinated Notes	7.875%	12/15/37	590,000	637,200(a)
<b>Total Insurance</b>				<b>3,270,695</b>
<b>Real Estate Investment Trusts (REITs) 0.1%</b>				
Host Hotels & Resorts, LP, Senior Notes	6.375%	3/15/15	425,000	<b>436,156</b>
<b>Total Financials</b>				<b>36,297,049</b>
<b>Health Care 4.6%</b>				
<b>Health Care Equipment &amp; Supplies 0.2%</b>				
Biomet Inc., Senior Notes	10.000%	10/15/17	180,000	198,225
Biomet Inc., Senior Toggle Notes	10.375%	10/15/17	650,000	717,438(d)
<b>Total Health Care Equipment &amp; Supplies</b>				<b>915,663</b>
<b>Health Care Providers &amp; Services 4.2%</b>				
American Renal Holdings, Senior Notes	9.750%	3/1/16	1,430,000	1,419,275(a)(d)
American Renal Holdings, Senior Secured Notes	8.375%	5/15/18	1,130,000	1,197,800
CRC Health Corp., Senior Subordinated Notes	10.750%	2/1/16	4,265,000	4,339,637
Fresenius U.S. Finance II Inc., Senior Notes	9.000%	7/15/15	1,440,000	1,657,800(a)
HCA Inc., Debentures	7.500%	11/15/95	3,920,000	3,234,000
HCA Inc., Senior Secured Notes	7.875%	2/15/20	1,860,000	2,032,050
Tenet Healthcare Corp., Senior Secured Notes	10.000%	5/1/18	1,320,000	1,552,650
Tenet Healthcare Corp., Senior Secured Notes	8.875%	7/1/19	770,000	881,650
Universal Hospital Services Inc., Senior Secured Notes	3.834%	6/1/15	10,000	9,750(e)
Universal Hospital Services Inc., Senior Secured Notes	8.500%	6/1/15	1,990,000	2,087,013(d)
Vanguard Health Holdings Co., II LLC, Senior Notes	8.000%	2/1/18	1,555,000	1,599,706
<b>Total Health Care Providers &amp; Services</b>				<b>20,011,331</b>
<b>Pharmaceuticals 0.2%</b>				
Giant Funding Corp., Senior Secured Notes	8.250%	2/1/18	1,180,000	<b>1,216,875(a)</b>
<b>Total Health Care</b>				<b>22,143,869</b>
<b>Industrials 13.2%</b>				
<b>Aerospace &amp; Defense 1.9%</b>				
Acquisition Co. Lanza Parent, Senior Secured Notes	10.000%	6/1/17	1,010,000	1,118,575(a)
FGI Operating Co. Inc., Senior Secured Notes	10.250%	8/1/15	1,965,000	2,105,006
Kratos Defense & Security Solutions Inc., Senior Secured Notes	10.000%	6/1/17	1,030,000	1,140,725
Northrop Grumman Corp., Senior Notes	6.875%	3/15/18	760,000	797,050(a)
Northrop Grumman Corp., Senior Notes	7.125%	3/15/21	760,000	796,100(a)

See Notes to Financial Statements.



**Western Asset High Income Opportunity Fund Inc.**

<b>Security</b>	<b>Rate</b>	<b>Maturity Date</b>	<b>Face Amount</b>	<b>Value</b>
<b><i>Aerospace &amp; Defense continued</i></b>				
Triumph Group Inc., Senior Notes	8.625%	7/15/18	860,000	\$ 952,450
Wyle Services Corp., Senior Subordinated Notes	10.500%	4/1/18	2,105,000	2,257,613(a)
<b><i>Total Aerospace &amp; Defense</i></b>				<b>9,167,519</b>
<b><i>Airlines 2.3%</i></b>				
American Airlines Pass-Through Trust, Secured Notes	7.000%	1/31/18	770,000	746,900(a)
Continental Airlines Inc., Pass-Through Certificates	9.250%	5/10/17	170,975	177,814
Continental Airlines Inc., Pass-Through Certificates, Subordinated Secured Notes	8.312%	4/2/11	69,686	69,860
Continental Airlines Inc., Pass-Through Certificates, Subordinated Secured Notes	7.339%	4/19/14	2,074,905	2,064,530
Continental Airlines Inc., Senior Secured Notes	6.750%	9/15/15	960,000	973,200(a)
DAE Aviation Holdings Inc., Senior Notes	11.250%	8/1/15	3,870,000	4,111,875(a)
Delta Air Lines Inc., Pass-Through Certificates	8.954%	8/10/14	22,071	22,898
Delta Air Lines Inc., Pass-Through Certificates, Secured Notes	8.021%	8/10/22	903,443	932,805
Delta Air Lines Inc., Pass-Through Certificates, Subordinated Secured Notes	9.750%	12/17/16	568,131	602,218
Delta Air Lines Inc., Senior Secured Notes	9.500%	9/15/14	588,000	627,690(a)
United Air Lines Inc., Senior Secured Notes	9.875%	8/1/13	819,000	869,164(a)
<b><i>Total Airlines</i></b>				<b>11,198,954</b>
<b><i>Building Products 0.3%</i></b>				
Ashton Woods USA LLC/Ashton Woods Finance Co., Senior Subordinated Notes, step bond	0.000%	6/30/15	660,400	399,542(a)(f)
Griffon Corp., Senior Notes	7.125%	4/1/18	980,000	1,002,050(a)
<b><i>Total Building Products</i></b>				<b>1,401,592</b>
<b><i>Commercial Services &amp; Supplies 2.0%</i></b>				
ACCO Brands Corp., Senior Secured Notes	10.625%	3/15/15	1,675,000	1,896,938
ACCO Brands Corp., Senior Subordinated Notes	7.625%	8/15/15	620,000	635,500
Altegrity Inc., Senior Subordinated Notes	10.500%	11/1/15	210,000	223,650(a)
Altegrity Inc., Senior Subordinated Notes	11.750%	5/1/16	2,605,000	2,800,375(a)
American Reprographics Co., Senior Notes	10.500%	12/15/16	1,280,000	1,392,000(a)
Geo Group Inc., Senior Notes	7.750%	10/15/17	1,620,000	1,735,425
RSC Equipment Rental Inc./ RSC Holdings III LLC, Senior Notes	8.250%	2/1/21	730,000	762,850(a)
<b><i>Total Commercial Services &amp; Supplies</i></b>				<b>9,446,738</b>
<b><i>Construction &amp; Engineering 0.3%</i></b>				
Abengoa Finance SAU, Senior Notes	8.875%	11/1/17	1,310,000	1,313,275(a)
<b><i>Electrical Equipment 0.3%</i></b>				
NES Rentals Holdings Inc., Senior Secured Notes	12.250%	4/15/15	1,620,000	1,599,750(a)

See Notes to Financial Statements.



12 Western Asset High Income Opportunity Fund Inc. 2011 Semi-Annual Report

**Schedule of investments (unaudited) (cont d)**

March 31, 2011

**Western Asset High Income Opportunity Fund Inc.**

<b>Security</b>	<b>Rate</b>	<b>Maturity Date</b>	<b>Face Amount</b>	<b>Value</b>
<b>Industrial Conglomerates 0.3%</b>				
Leucadia National Corp., Senior Notes	8.125%	9/15/15	1,220,000	\$ 1,354,200
<b>Marine 1.0%</b>				
Navios Maritime Acquisition Corp./Navios Acquisition Finance U.S. Inc., Senior Secured Notes	8.625%	11/1/17	2,390,000	2,485,600
Navios Maritime Holdings Inc./Navios Maritime Finance II U.S. Inc., Senior Notes	8.125%	2/15/19	740,000	749,250(a)
Trico Shipping AS, Senior Secured Notes	13.875%	11/1/14	2,044,996	1,669,228(a)(c)
<b>Total Marine 4,904,078</b>				
<b>Road &amp; Rail 3.3%</b>				
Florida East Coast Holdings Corp., Senior Notes	10.500%	8/1/17	1,670,000	1,715,925(a)(d)
Florida East Coast Industries Inc., Senior Secured Notes	8.125%	2/1/17	1,960,000	2,055,550(a)
Jack Cooper Holdings Corp., Senior Secured Notes	12.750%	12/15/15	1,974,000	2,092,440(a)
Kansas City Southern de Mexico, Senior Notes	12.500%	4/1/16	681,000	827,415
Kansas City Southern de Mexico, Senior Notes	8.000%	2/1/18	2,805,000	3,071,475
Kansas City Southern de Mexico, Senior Notes	6.625%	12/15/20	520,000	533,000(a)
Kansas City Southern Railway, Senior Notes	13.000%	12/15/13	231,000	276,623
Kansas City Southern Railway, Senior Notes	8.000%	6/1/15	285,000	310,650
Quality Distribution LLC/QD Capital Corp., Senior Secured Notes	9.875%	11/1/18	2,675,000	2,788,687(a)
RailAmerica Inc., Senior Secured Notes	9.250%	7/1/17	1,872,000	2,080,260
<b>Total Road &amp; Rail 15,752,025</b>				
<b>Trading Companies &amp; Distributors 0.4%</b>				
Ashtead Capital Inc., Notes	9.000%	8/15/16	108,000	114,210(a)
Ashtead Holdings PLC, Senior Secured Notes	8.625%	8/1/15	465,000	487,669(a)
H&E Equipment Services Inc., Senior Notes	8.375%	7/15/16	1,370,000	1,447,062
<b>Total Trading Companies &amp; Distributors 2,048,941</b>				
<b>Transportation 1.0%</b>				
Hapag-Lloyd AG, Senior Notes	9.750%	10/15/17	2,630,000	2,833,825(a)
Syncreon Global Ireland Ltd./Syncreon Global Finance US Inc., Senior Notes	9.500%	5/1/18	1,640,000	1,705,600(a)
<b>Total Transportation 4,539,425</b>				

Edgar Filing: WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC. - Form N-CSRS

<b><i>Transportation Infrastructure 0.1%</i></b>				
Aguila 3 SA, Senior Secured Notes	7.875%	1/31/18	540,000	<b>553,500<sup>(a)</sup></b>
<b>Total Industrials</b>				<b>63,279,997</b>
<b><i>Information Technology 4.2%</i></b>				
<b><i>Communications Equipment 0.6%</i></b>				
Lucent Technologies Inc., Debentures	6.450%	3/15/29	3,140,000	<b>2,716,100</b>
<b><i>Electronic Equipment, Instruments &amp; Components 0.7%</i></b>				
NXP BV/NXP Funding LLC, Senior Secured Notes	9.750%	8/1/18	2,990,000	<b>3,363,750<sup>(a)</sup></b>

See Notes to Financial Statements.

**Western Asset High Income Opportunity Fund Inc.**

<b>Security</b>	<b>Rate</b>	<b>Maturity Date</b>	<b>Face Amount</b>	<b>Value</b>
<b><i>IT Services 1.6%</i></b>				
Ceridian Corp., Senior Notes	12.250%	11/15/15	1,469,700	\$ 1,543,185(d)
First Data Corp., Senior Notes	5.625%	11/1/11	250,000	251,875
First Data Corp., Senior Notes	10.550%	9/24/15	4,039,573	4,428,082(d)
First Data Corp., Senior Notes	11.250%	3/31/16	420,000	420,525
First Data Corp., Senior Secured Notes	7.375%	6/15/19	120,000	122,250(a)
Interactive Data Corp., Senior Notes	10.250%	8/1/18	850,000	945,625(a)(h)
<b><i>Total IT Services</i></b>				<b><i>7,711,542</i></b>
<b><i>Semiconductors &amp; Semiconductor Equipment 1.3%</i></b>				
CDW LLC/CDW Finance Corp., Senior Notes	11.000%	10/12/15		